

The Economic Costs of Substance Abuse

**Economic
Costs**

United States

Washington

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The Economic Costs of Substance Abuse in the United States

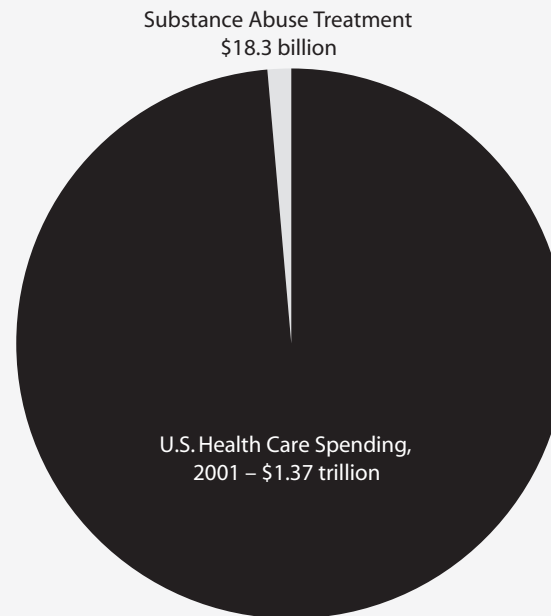
Two studies – one sponsored by the National Institute on Alcohol Abuse and Alcoholism, the other by the White House Office of Drug Control Policy – estimate the total economic costs of alcohol and drug abuse in the United States at \$328 billion in 1998.¹

Among the study's key findings were:

- Alcohol abuse accounted for 56.3% of the total economic costs; 43.7% were attributable to drug abuse.
- More than 55,000 deaths were attributable to substance abuse, 65% of them to alcohol.
- Total medical costs related to alcohol and drug abuse (\$31.8 billion) were approximately two-and-a-half times that spent on treatment (\$12.9 billion).
- Of the \$143.4 billion in economic costs related to drug abuse, 69% were in lost productivity, 9% in health care costs, and 22% in other costs, including the costs of crime, police, and the criminal justice system.
- Health costs related to alcohol abuse (\$18.9 billion) were 68% higher than for drug-related health costs (\$12.9 billion).
- Only 3.9% of total economic costs were for alcohol/drug treatment.

¹ Harwood, H. *Updating Estimates of the Economic Costs of Alcohol Abuse in the United States: Estimates, Update, and Data*. Rockville, MD: U.S. Department of Health and Human Services, U.S. Public Health Service, National Institutes of Health, National Institute on Alcohol Abuse and Alcoholism, 2000; Office of National Drug Control Policy. *The Economic Costs of Drug Abuse in the United States, 1992-1998*. Washington, DC: Executive Office of the President, 2001.

Nationally, Only 1.3% of the Almost \$1.4 Trillion Spent on Health Care in the United States Goes for Substance Abuse Treatment.



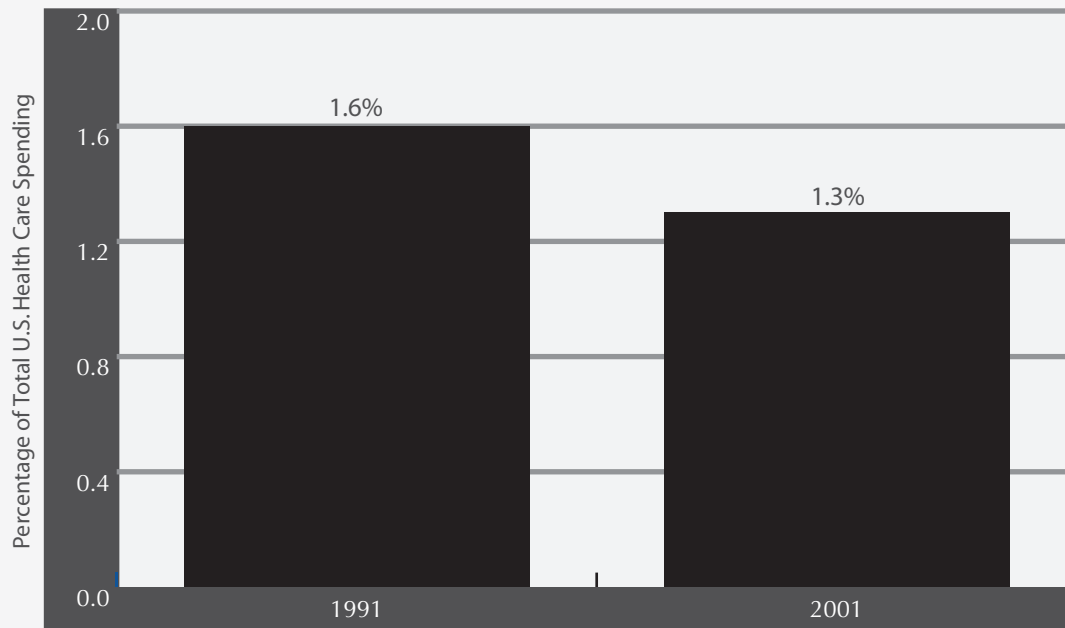
Source: Mark, T. et al., "U.S. Spending for Mental Health and Substance Abuse Treatment, 1991-2001." *Health Affairs* – Web Exclusive, 2005.

A 2005 study published in the journal *Health Affairs* found that, of the \$1.37 trillion spend on health care in the United States in 2001, only \$18.3 billion (1.3%) went for substance abuse treatment.

Despite scientifically demonstrated cost offsets in decreased mortality, lower crime and criminal justice costs, higher worker productivity, less reliance on public assistance and other social services, fewer medical and psychiatric hospitalizations and emergency room visits, and lower health care costs, chemical dependency treatment remains extremely underfunded at both the state and federal level.



As a Percentage of Total U.S. Spending on Health Care, Spending on Substance Abuse Treatment Declined 14.5% Between 1991 and 2001.



Source: Mark, T. et al., "U.S. Spending for Mental Health and Substance Abuse Treatment, 1991-2001. *Health Affairs* – Web Exclusive, 2005.

A 2005 study published in the journal *Health Affairs* found that, as a percentage of the of the total spent on health care in the United States, spending on substance abuse treatment fell from 1.6% in 1991 to 1.3% in 2001, representing a 14.5% decline.

Substance abuse treatment has been scientifically proven to produce cost offsets in decreased mortality, lower crime and criminal justice costs, higher worker productivity, less reliance on public assistance and other social services, fewer medical and psychiatric hospitalizations and emergency room visits, and lower health care costs. Despite this, chemical dependency treatment remains extremely underfunded at both the state and federal level. Of the \$4,851 spent on health care in the U.S. in 2001, only \$65 went for substance abuse treatment.¹

¹ Mark, T. et al. "U.S. Spending for Mental Health and Substance Abuse Treatment, 1991-2001. *Health Affairs* – Web Exclusive, March 29, 2005.

The Economic Costs of Substance Abuse

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The Economic Costs of Substance Abuse in the Washington State

A study sponsored by the Division of Alcohol and Substance Abuse estimated the total economic costs of alcohol and drug abuse in Washington State at \$2.54 billion in 1996.¹ This represents approximately \$531 for every non-institutionalized resident in the state.

Among the study's key findings were:

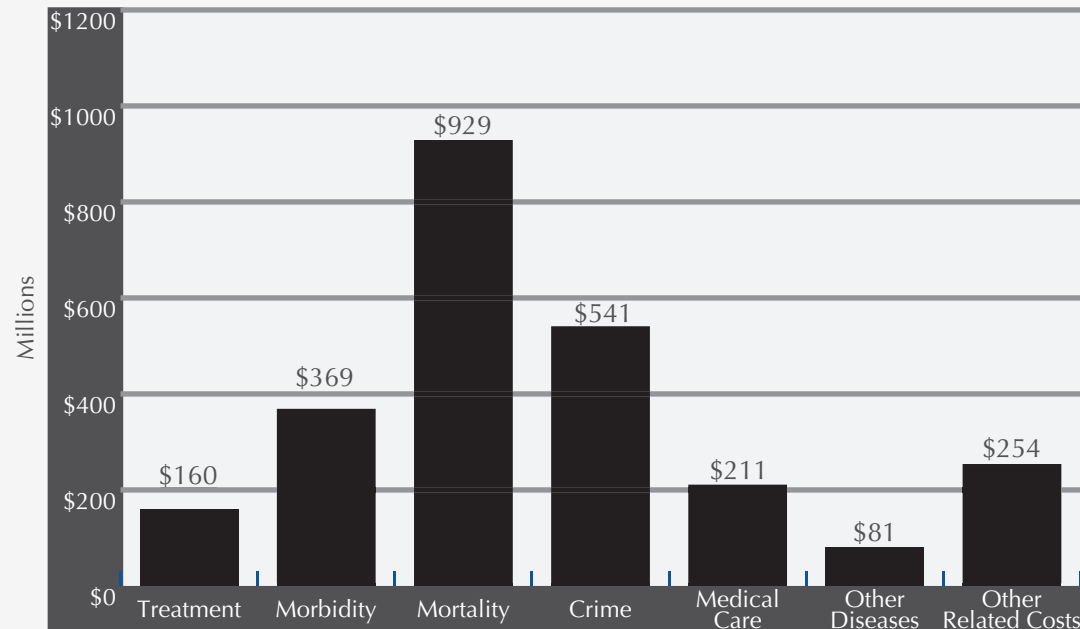
- *59% of the economic costs were attributable to the use of alcohol; 41% to the use of drugs.*
- *There were 2,824 deaths in 1996 caused by or related to alcohol or drug abuse, representing approximately 70,000 potential life-years lost.*
- *Of the 2,824 deaths, 2,318 were alcohol-related, and 506 were drug-related.*
- *Leading causes of substance abuse-related deaths were motor vehicle accidents (353 deaths), alcohol cirrhosis (291 deaths), and suicide (223 deaths).*
- *Of 217 arrests for homicide, 65 were alcohol-related, and 22 were drug-related.*
- *Of 6,003 arrests for felonious assault, 1,801 were alcohol-related, and 144 were drug-related.*
- *There were 16,000 hospital discharges classified as alcohol- or drug-related.*
- *Total estimated alcohol- and drug-related crime costs in 1996 rose to \$541 million from \$348 million in 1990, representing a 55% increase.*

¹ Wickizer, T. *The Economic Costs of Drug and Alcohol Abuse in Washington State, 1996*. Olympia, WA: Washington State Department of Social and Health Services, Division of Alcohol and Substance Abuse, 1999.

Costs Related to Mortality, Crime, and Morbidity Represent the Largest Economic Costs of Drug and Alcohol Abuse.



Economic Costs of Drug and Alcohol Abuse in Washington, 1996



Source: Wickizer, T., *The Economic Costs of Drug and Alcohol Abuse in Washington State, 1996*. Washington State Division of Alcohol and Substance Abuse, 1999.

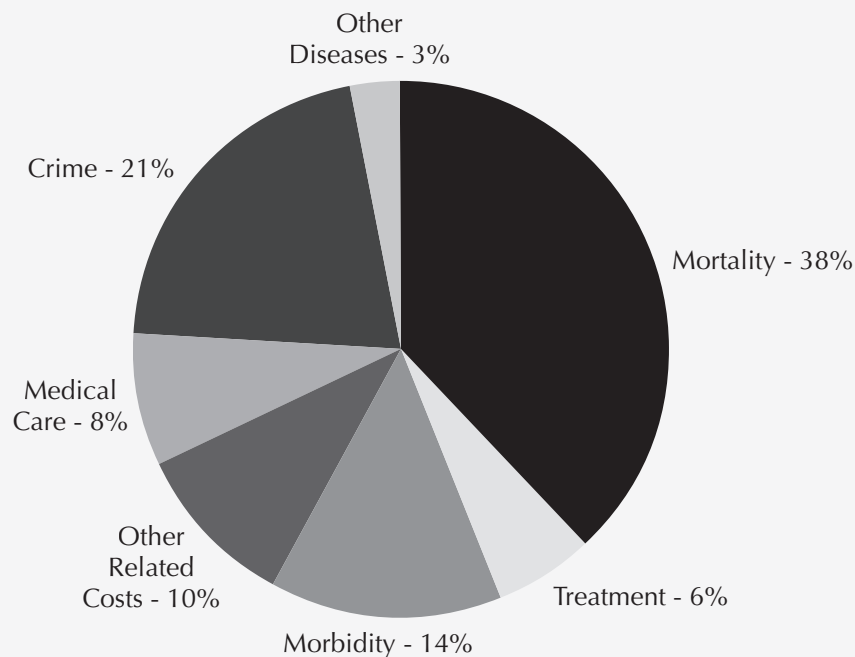
This graph indicates that mortality-, crime-, and morbidity-related costs represented the largest economic costs of substance abuse in 1996. The estimated cost per death measured in terms of lost income was \$329,000.¹ Adult and juvenile arrests for drug offenses in Washington State increased 287% from State Fiscal Years 1985 to 2002, while adult felony superior court filings for drug offenses increased by 406% in the same period.

¹ Wickizer, T. *The Economic Costs of Drug and Alcohol Abuse in Washington State, 1996*. Olympia, WA: Washington State Department of Social and Health Services, Division of Alcohol and Substance Abuse, 1999.



Treatment Represented Only 6% of the Total Economic Costs of Alcohol and Drug Abuse in 1996.

Distribution of Drug and Alcohol Costs



Source: Wickizer, T., *The Economic Costs of Drug and Alcohol Abuse in Washington State, 1996*. Washington State Department of Social and Health Services, Division of Alcohol and Substance Abuse, 1999.

This chart indicates that alcohol and drug treatment represents a very small fraction of the total economic costs of substance abuse in Washington State.¹ Yet, data — much of which is contained in this report — indicate that treatment can contribute significantly to lower morbidity and mortality, decreased crime, increased employment and higher worker productivity, reduced spread of infections diseases, and lower medical costs. Alcohol and drug treatment continue to be wise investments in the health and safety of communities, and the economic vitality of Washington State.

¹ Wickizer, T. *The Economic Costs of Drug and Alcohol Abuse in Washington State, 1996*. Olympia, WA: Washington State Department of Social and Health Services, Division of Alcohol and Substance Abuse, 1999.

Impacts of Substance Abuse on the Washington State Budget



A 2001 study conducted by the National Center on Addiction and Substance Abuse at Columbia University (CASA) estimated 1998 state government spending on the consequences of substance abuse in Washington State at \$1.5 billion. Only 4% of that total was spent on prevention and treatment.¹

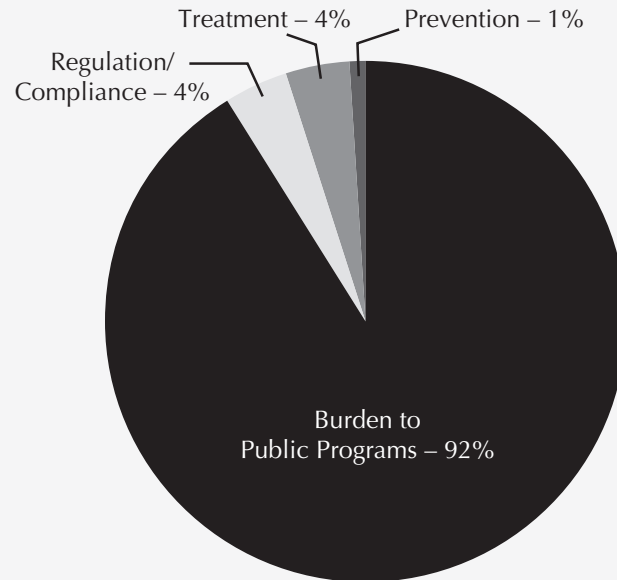
Other key findings of the study included:

- *Nationally, of a total of \$620 billion in state government spending, \$81.3 billion (13.1%) was used to deal with substance abuse and addiction.*
- *Of every such dollar spent by states, 96 cents went to “shoveling up the wreckage of substance abuse and addiction”; only four cents was used to prevent and treat it.*
- *Combined, states spent 113 times as much to deal with the devastation substance abuse and addiction wrought upon children as they did to prevent and treat it.*
- *Of the \$25 billion spent on dealing with the impacts of substance abuse on children, \$16.5 billion was borne by the public education system; another \$5.3 billion was spent on services for children who were victims of substance abuse and neglect; and almost \$3 billion was spent serving substance-involved youth in states’ juvenile justice systems.*
- *Each American paid \$277 per year in state taxes to deal with the burden of substance abuse and addiction within social programs, and only \$10 for prevention and treatment.*



Of the \$13.9 Billion in Washington State Government Spending in 1998, \$1.5 Billion (10.9%) was Spent on Services Related to Impacts of Substance Abuse.

***Distribution of State Spending
Related to Impacts of Substance Abuse***

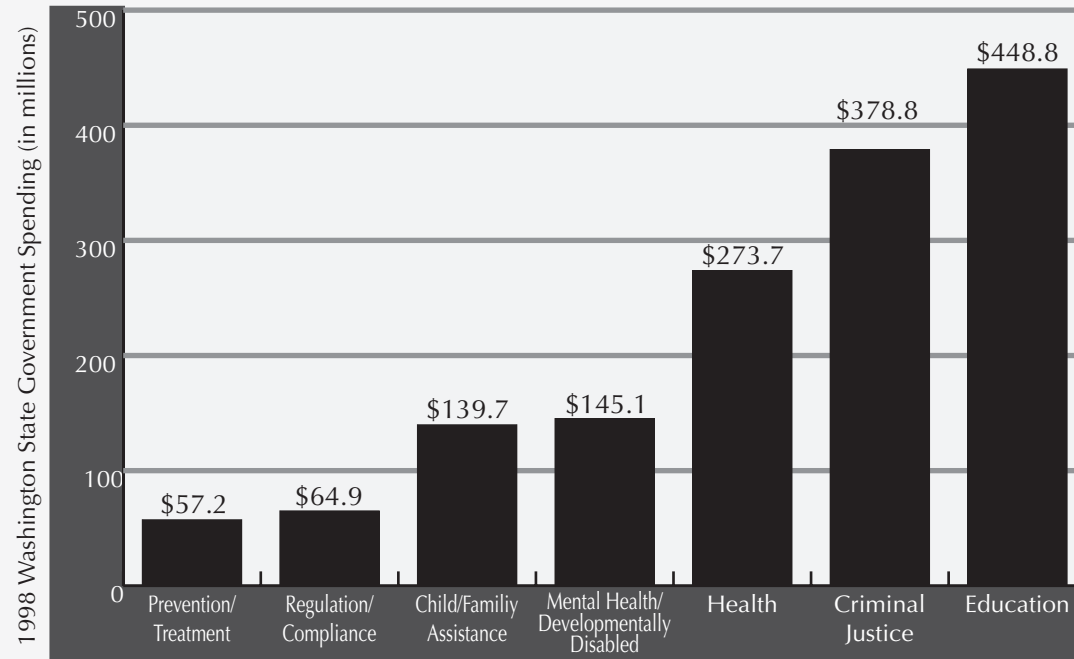


Source: Data from National Center on Addiction and Substance Abuse at Columbia University, *Shoveling Up: The Impact of Substance Abuse on State Budgets*, 2001.

In 1998, the \$1.51 billion of Washington State government spending related to the impacts of substance abuse compares with \$2.65 billion spent on higher education, \$1.46 billion spent on Medicaid, and \$1.09 billion spent on transportation.¹

¹ National Center on Addiction and Substance Abuse at Columbia University. *Shoveling Up: The Impact of Substance Abuse on State Budgets*. New York, NY: 2001.

Substance Abuse Results in Significantly Higher State Government Spending on Education, Criminal Justice, and Health.



Source: Data from National Center on Addiction and Substance Abuse at Columbia University, *Shoveling Up: The Impact of Substance Abuse on State Budgets*, 2001.

In 1998, 10% of Washington State government spending, or \$248 for every resident, was related to impacts of substance abuse. Only approximately \$10 of this amount went for prevention and treatment.¹